

**From:** Jiaxin Zhang <jiaxin.zhang@utexas.edu>  
**Sent:** Tuesday, September 29, 2020 6:06 PM  
**To:** FASB Comments <fasbcomments@fasb.org>  
**Subject:** Comment on Treatment of Stock Dividend vs Stock Split

Hi,

I am a current accounting student at the University of Texas. I would like FASB to add an additional item on the agenda.

I would like the FASB to consider changing the accounting treatment for stock dividends. From an economic perspective, a stock dividend and a stock split are achieving the same objective. For example, a small stock dividend of 10% is economically the same thing as a 1.1 to 1 stock split. However, the accounting treatment is different.

The change would allow for more consistency between large and small stock dividends as they would both be treated the same way as a stock split. This would also simplify accounting for individuals who are using or learning Accounting.

Further, the way stock dividend accounting is currently treated doesn't seem to work in edge cases. If a company issued a stock dividend that is larger than the amount in retained earnings, it doesn't make much sense for the business to have an accumulated deficit just due to the issuance of a stock "dividend".

Overall, it makes a lot more sense to just adjust the par value of Common Stock, regardless of whether a stock dividend is issued or if a stock split is announced. Please let me know your thoughts and concerns.

Thanks,

--

**Jiaxin (Jackson) Zhang**  
Master in Professional Accounting 2022  
McCombs School of Business | The University of Texas at Austin  
(469) 325-8418 | [jiaxin.zhang@utexas.edu](mailto:jiaxin.zhang@utexas.edu)